

## **IMPACT OF MOTIVATIONAL POLICIES ON EMPLOYEES' PERFORMANCE: A CASE STUDY OF BANKING SECTOR IN PAKISTAN**

**Prof.Dr.Abdul Ghafoor Awan<sup>1</sup>, Muhammad Zahid<sup>2</sup>**

**ABSTRACT:** *The objective of this research paper is to investigate the impacts of motivational policies on employees' performance in banking sector of Pakistan. For this purpose, we developed a questionnaire and collected data from 300 employees randomly from 60 branches of banks located in Multan city. Descriptive statistics was used to describe the characteristics of sampling population while 5-points Likert scale was used to measure the views of respondents about motivational policies of sampling banks and impact on their performance. Our results show that the relationship between motivational policies and employees' performance is significant and positively correlated.*

**KEYWORDS:** *Motivational policies, employees' performance, reward system.*

Type of study: **Original Research paper**

Paper received: 18.07.2019

Paper accepted: 23.08.2019

Online published: 01.10.2019

---

1. Dean, Faculty of Management and Social Science, Institute of Southern Punjab.

Ghafoor70@yahoo.com.Cell # +923136015051.

2.MS Scholar, Department of Business Administration, Institute of Southern

Punjab,Multan.zahidsarfraz2017@gmail.com. +92 3006359258.

## **1. INTRODUCTION:**

### **1.1. Overview of Banking Sector:**

A few decades ago, only a few banks existed in the country. Their operating system was very conventional, troublesome and imperfect. They normally used time-honored and labor-intensive methods of working. The number of customers was very small. However, with the coming of globalization and growing of market demand, the banking sector of Pakistan moved to remarkable transformation from the traditional banking to modern banking during the last decade due to technology adoption and product innovations. A major shift was the exponential growth of the private banking sector. At present, different international and renowned established banks are also operating in Pakistan and are providing latest banking services to their customers. Motivated employees are the major factor to the success of the banking sector in any country of the world. Government, Semi Government and Private banking sector and employees have long been concerned with the construction of motivational policies and its impact on employees' performance, because this variable has strong influence on the overall performance of banking organizations. Satisfied employees are not only show good performance but also are ambassadors of their banks. They may bring significant deposits and high worth customers to their banks. Only happy employees are faithful to bank and may bring lucrative business to their banks.

### **1.2. Research Problem:**

The research problem of this study is to measure the impact of Motivational policies on the performance of employees of the banking sector in Multan city, Pakistan.

### **1.3 Objectives of study:**

The specific objectives of this study are as follows: -

1. To determine strength of relationship between cash prize and motivation.
2. To find out the nature of relationship between annual bonus and motivation.
3. To study the link between annual leaves and motivation.
4. To ascertain the relationship between performance base bonus and motivation.
5. To check relationship between unusual leaves and motivation.

6. To measure relationship between motivation and employee performance.

## **2. LITRATURE REVIEW:**

There are many researchers who have been proved that motivational policies have positive impact on employees' performance.

Poter & Sreet (2003) has stated that there are several diverse definitions of motivation and among them three common distinctiveness can be recognized. First, what energizes human behavior? Second, what directs this behavior? Third, how such a behavior is sustained this study has mainly looked the third characteristic, how such a behavior is sustained by applying different motivator's indifferent banks.

Aronson, Wilson & Akert (2002) argue that Motivation is divided in two different types, extrinsic and intrinsic motivation. Extrinsic motivation refers to external factors, which can be measured in monetary terms, such as salary and benefits. this is a very good way to motivate employees and tends to increase the productivity.

Warr, Cook & Wall (1979) argue that intrinsic work motivation is an outcome that can be defined as the degree to which a person wants to work well in his or her job, in order to achieve intrinsic satisfaction.

Awan (2015) argues that main function of HR manager is to motivate employees at workplace. The HR manager's function should assist general to apprise the general manager of the job satisfaction of employees. One of the main function of service manager to motivate and encourage employees about their work. If the motivational measures are not taken the employees performance will be poor and they will not be satisfied and pleased.

Awan and Asghar (2014) stated that there are many theories about the impact of motivation of employees and its healthy effect on their performance. Low level employees give much importance to their job securities because they give more preference to their needs than promotion or elevation. It is very imperative that the manager should focus on timely payment of salaries and other financial benefits to

lower level employees to enable them to meet their needs. Then they would give importance to work hard to get elevation.

Awan and Saeed (2014) stated that the employees give importance to reward system and attitude of employer while dealing with them. Another point is the fulfillment of commitment regarding the payment of rewards and benefits at proper time. It will boost their morale and as such their performance.

Awan (2015) argues that performance and reward are interlinked. If the employees are given reward for their work immediately their morale will boost up and they will be satisfied and more eager to complete their job assignment. So the commitment and its fulfillment is more important as a motivational technique.

Awan (2018) contended that rewards system is based on three elements such as cash in the form of salary, esteemed through recognition of employees' services and job security through regulatory framework. These three elements boost the motivation and zeal for more work to produce more. Then come career development through promotion and training as well as recognition through certification. If the employees do not pay attention on the above stated factors of motivation and reward, then it is likely that employees feel depressed and demoralized. It may generate emotional stress among them and consequently causes mental stress and health issues.

## **2.2 DISTINCTION OF STUDY:**

In this study the topic of employees' performance is being studied by focusing only on six determining variables. Those are (1) Cash reward (2) annual leaves (3) annual dinner (4) unusual leaves (5) performance base bonus (6) Gifts (7) On the job refreshment to see how these factors motivate employees and improve their performance. It makes our study distinct from above stated studies.

## **3. RESEARCH METHODOLOGY:**

This study is based on descriptive survey. Ezeani (1998) says that descriptive survey design is used to collect detailed and factual information that describe an existing idea. The study describes the relationship between employees' performance on the basis of motivational policies in the banking sector of Multan city, Pakistan.

### **3.1 Type of data:**

In this study primary data is used for statistical analysis. The data is collected through a structured questionnaire.

### **3.2 Selected variable:**

There are two types of variables. First one is independent variable and second one is dependent variable.

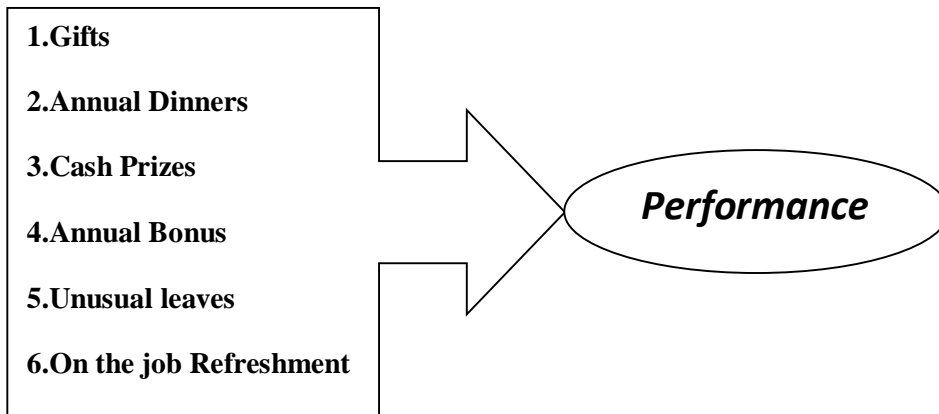
#### **3.2.1 Independent variable:**

Cash prize, annual leaves, Unusual leave, Annual dinners and performance-based Bonus are independent variables.

#### **3.2.2 Dependent variable:**

Employees' performance is dependent variable.

### **3.3 Conceptual Model:**



### **3.4 Hypothesis:**

The following hypotheses are formulated for this study:-

- H<sup>1</sup>.** There is positive relationship between Gifts, annual dinner, cash prizes and motivation.
- H<sup>2</sup>.** There is positive relationship between annual bonus, unusual leaves, on the job refreshment and motivation.
- H<sup>3</sup>.** There is positive relationship between annual leaves, performance base bonus and motivation.

**H<sup>4</sup>**. There is positive relationship between employees 'performance and motivational policies.

### 3.5. Sampling Design and Method:

The primary data was gathered from 60 branches of different banking organizations located in Multan city. The sample size was 300. Questionnaire was containing 17 questions. 1 to 5 point Likert scale was used to get the responses of different questions asked from selected employees.

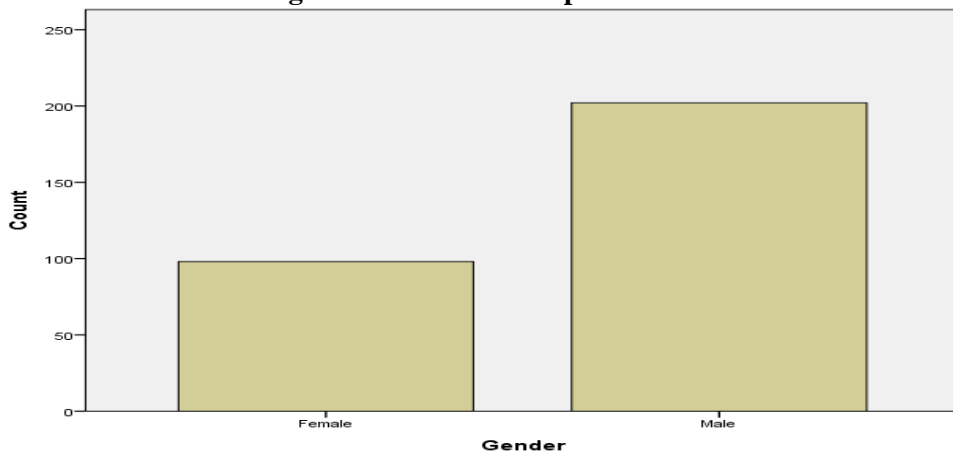
### 4 .DATA ANALYSIS AND INTERPRETATION:

The data collected from the employees of several banks of Multan city, was arranged, edited, classified and coded. It is summarized with frequencies, analyzed with percentage and interpreted the results. The data is presented in tables and figures for the convenience of readers:

**Table 1: Gender of Respondents**

Respondents	Codes	Frequency	Percent
Male	1	201	67.0
Female	0	99	33.0
Total		300	100.0

**Figure 1: Gender of Respondents**



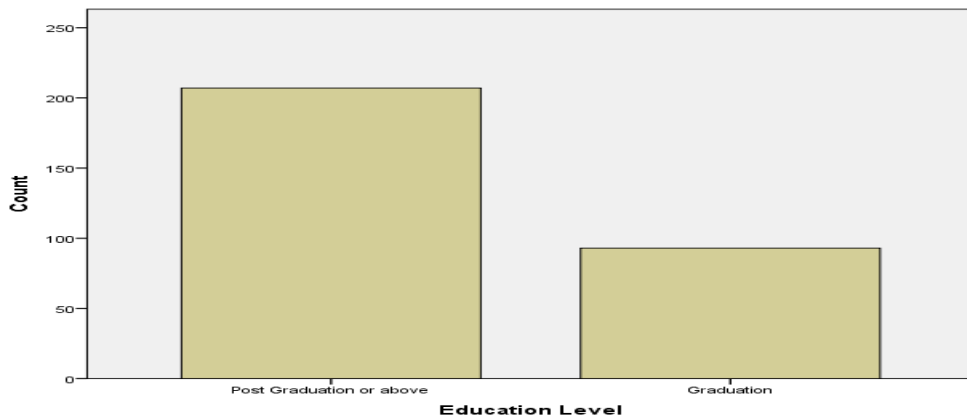
**Interpretation:** Data in table and figure 1 shows the gender of employees as Male or Female. Almost male respondents are twice as compared to female. The big bar shows

that **67.0%** male employees were participated in the study while small bar shows that **33.0%** female participated.

**Table 2: Educational level of Respondents**

Respondents	Codes	Frequency	Percent
Postgraduate	1	207	69.0
Graduate	2	93	31.0
Total		300	100.0

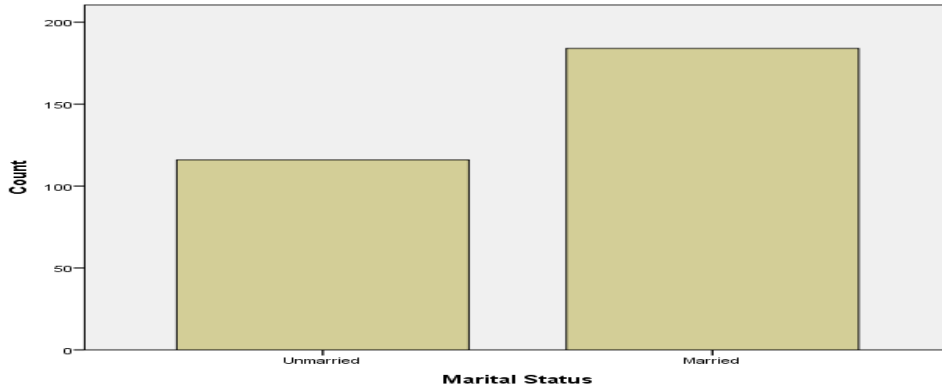
**Figure 2: Education level of Respondents**



**Interpretation:** Data in table and figure 2 shows the participation of employees as Post Graduate and above or Graduate. The large bar shows that **69%** were Post-Graduate employees while small bar shows that **31%** employees were Graduate.

**Table 3: Marital Status of Respondents**

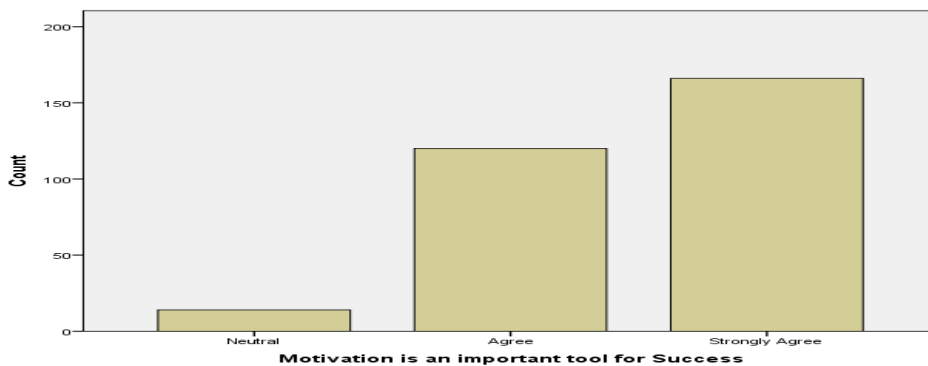
Respondents	Codes	Frequency	Percent
Married	1	184	61.3
Unmarried	0	116	38.7
Total		300	100.0

**Figure 3: Marital Status of Respondents**

**Interpretation:** Data in table and figure 3 shows the participation of employees as married and unmarried. The large bar shows **61.3%** employees were married while small bar shows that **38.7%** employees were unmarried. This shows that mature employees were more in number.

**Table 4: Importance of motivation**

Responses	Codes	Frequency	Percent
SDA	1	0	0
DA	2	0	0
N	3	14	4.7
A	4	120	40
SA	5	166	55.3
Total		300	100

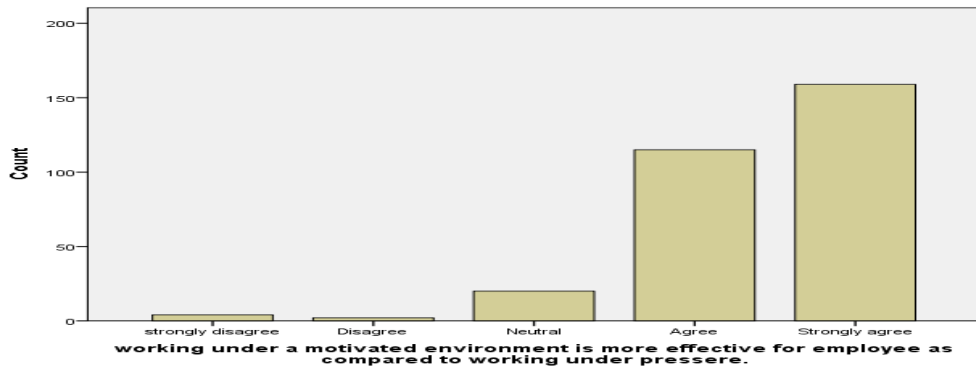
**Figure 4: Importance of motivation**



**Interpretation:** Data in table and figure 4 shows that out of **300** participants, 55.3% (more than 50%) employees strongly agree that motivation is an important tool for the success. It suggests that motivation should be adopted in every organization.

Table 5: Working Environment			
Responses	Codes	Frequency	Percent
SDA	1	4	1.3
DA	2	2	.7
N	3	20	6.7
A	4	115	38.3
SA	5	159	53
Total		300	100

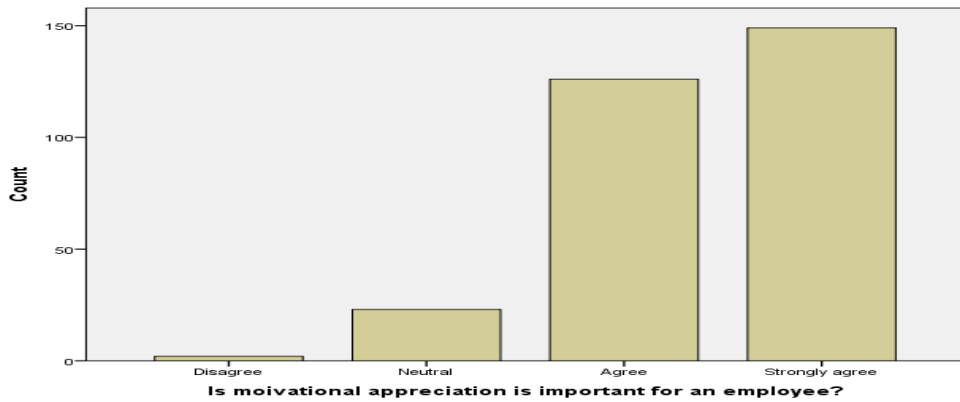
**Figure 5: Working Environment**



**Interpretation:** Data in table and figure 5 shows that out of **300** employees, **53.0%** were strongly agree that motivated environment is more effective as compared to presser environment. It suggests that organizations should develop motivational environment at work place. Only **1.3%** employees are strongly disagreeing with the statement.

**Table 6: Motivational appreciation**

Responses	Codes	Frequency	Percent
SDA	1	0	0
DA	2	2	.7
N	3	23	7.7
A	4	126	42
SA	5	149	49.7
Total		300	100

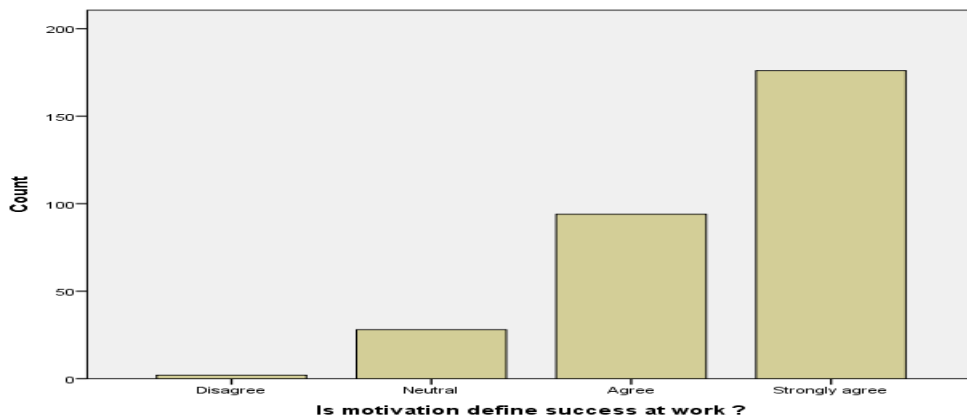
**Figure 6: Motivational appreciation**

**Enlightenment:** Data in table and figure 6 shows that out of 300 employees, 49.7% were strongly agree that Motivational appreciation is important for an employee and it is great response in the favor of question. No employee was disagreeing with the statement.

**Table 7: Motivation define success**

Responses	Codes	Frequency	Percent
SDA	1	0	0
DA	2	2	.7
N	3	28	9.3
A	4	94	31.3
SA	5	176	58.7
Total		300	100

**Figure 7: Motivation define success**

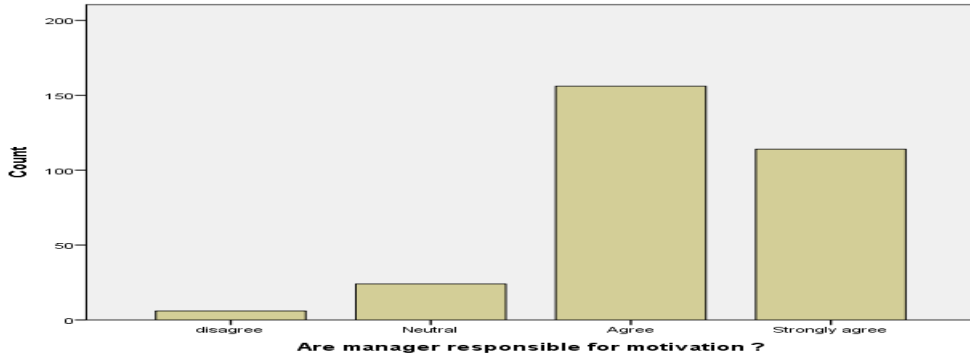


**Interpretation:** Data in table and figure 7 shows that out of 300 employees, 58.7% were strongly agree that Motivation defined success at work place while .7% employees are disagree about this question.

**Table 8: Manager Responsibility**

Responses	Codes	Frequency	Percent
SDA	1	0	0
DA	2	6	2.
N	3	24	8.0
A	4	156	52.0
SA	5	114	38.0
Total		300	100.0

**Figure 8: Manager Responsibility**

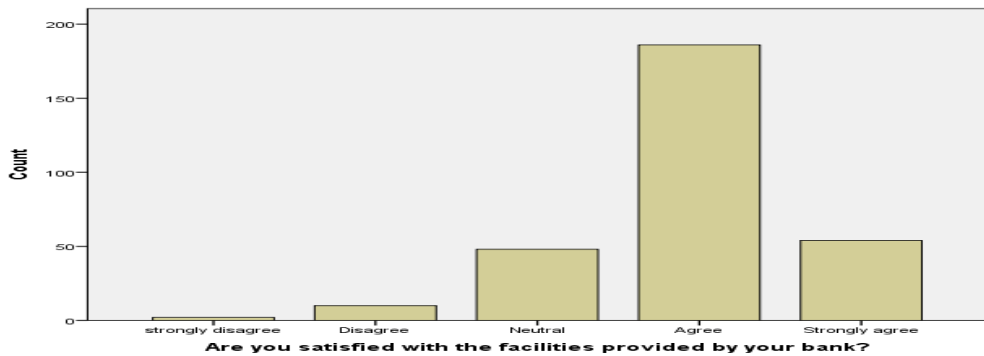


**Interpretation:** Data in table and figure 8 shows that out of 300 employees, 52.0% were agreed that Managers are responsible for motivation while only .2% employees were disagree. Thus, manager should play their due role in motivation.

**Table 9: Facilitative satisfaction**

Responses	Codes	Frequency	Percent
SDA	1	2	.7
DA	2	10	3.3
N	3	48	16.0
A	4	186	62.0
SA	5	54	18.0
Total		300	100

**Figure 9: Facilitative satisfaction**

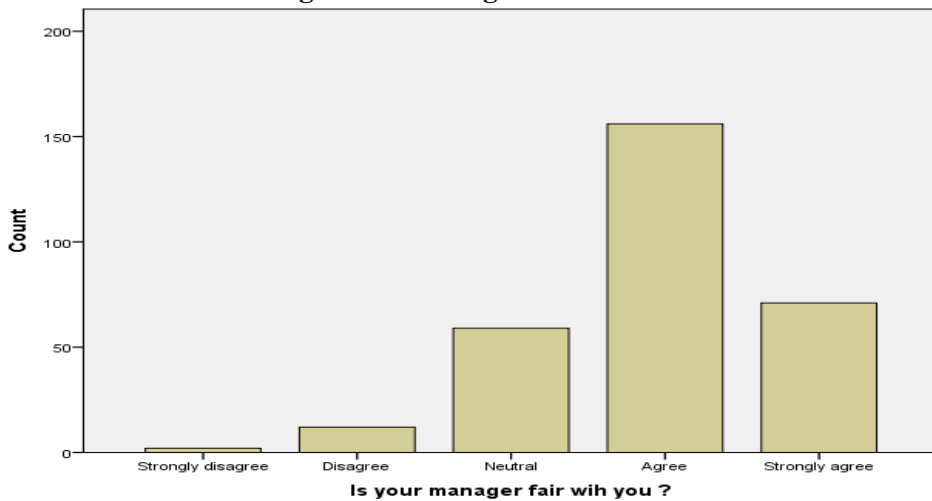


**Interpretation:** Data in table and figure 9 shows that out of **300** employees, **62%** were satisfied with the facilities provided by the bank while **.7%** were strongly disagreeing with this statement. So it is necessary to provide facilities at work place.

**Table 10: Manager Fairness**

Responses	Codes	Frequency	Percent
SDA	1	2	.7
DA	2	12	4.0
N	3	59	19.7
A	4	156	52.0
SA	5	71	23.7
Total		300	100

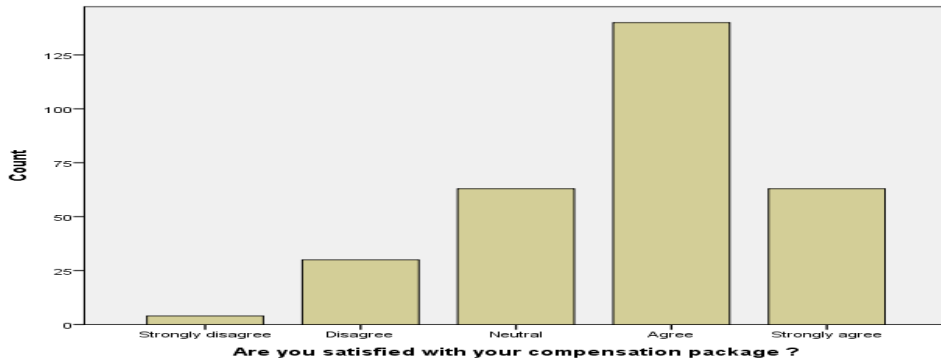
**Figure 10: Manager Fairness**



**Interpretation:** Data in table and figure 10 shows that out of **300** employees, **52%** were agreed that Managers are fair with their subordinates while **.7%** were disagree with this statement. It suggests that managers should deals their subordinates fairly.

**Table 11: Compensation Satisfaction**

Responses	Codes	Frequency	Percent
SDA	1	4	1.3
DA	2	30	10.0
N	3	63	21.0
A	4	140	46.7
SA	5	63	21.0
Total		300	100

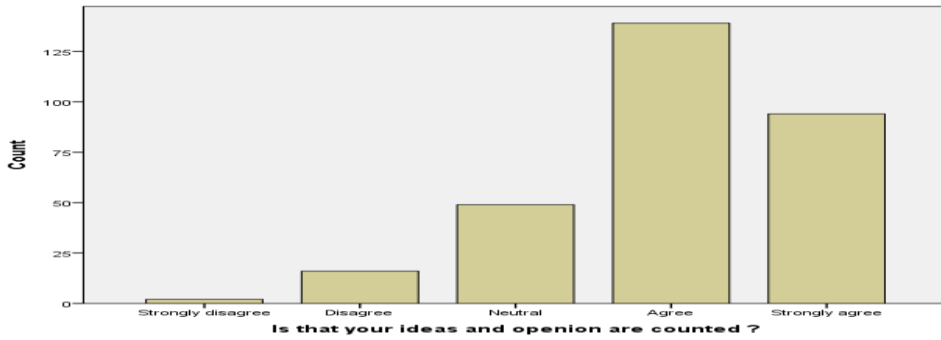
**Figure 11: Compensation Satisfaction**

**Interpretation:** Data in table and figure 11 shows that out of 300 participants, 46.7% (maximum) were agree about that compensation packages paid by the companies are reasonable. Only 10% employees were strongly disagreeing with the statement. It means compensation packages should be paid at satisfactory levels.

**Table 12: Ideas and opinions are considered**

Responses	Codes	Frequency	Percent
SDA	1	2	.7
DA	2	16	5.3
N	3	49	16.3
A	4	139	46.3
SA	5	94	31.3
Total		300	100

**Figure 12: Ideas and opinions are counted**



**Interpretation:** Data in table and figure 12 shows that out of 300 participants, 46.3% (maximum) were strongly agree that their ideas and opinions were counted at work place. While only .7% were strongly disagree with the statement. Which means that there is close associate between companies and employees.

**Table 13: Job Security**

Responses	Codes	Frequency	Percent
SDA	1	6	2
DA	2	14	4.7
N	3	48	16.0
A	4	137	45.7
SA	5	95	31.7
Total		300	100

**Figure 13: Job Security**

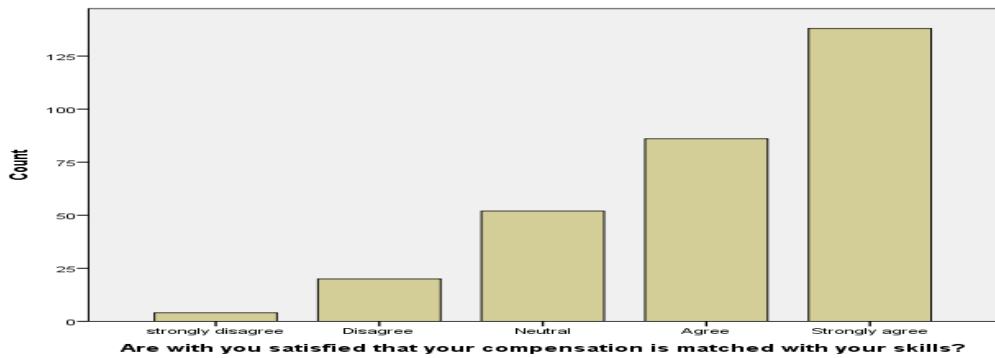


**Interpretation:** Data in table and figure 13 shows that out of **300** participants, **45.7%** (maximum) employees were strongly agreed that they are satisfied with job. While only **2%** were strongly disagree with the statement.

**Table 14: Attractive Compensation**

Responses	Codes	Frequency	Percent
SDA	1	4	1.3
DA	2	20	6.7
N	3	52	17.3
A	4	86	28.7
SA	5	138	46.0
Total		300	100

**Figure 14: Attractive Compensation**



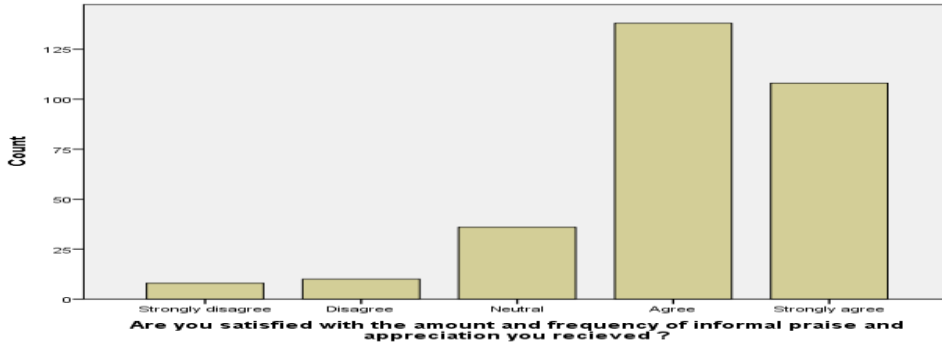
**Interpretation:** Data in table and figure 14 shows that out of **300** participants, **46%** (maximum) employees were strongly agree that compensation should match with the work while only **1.3%** were strongly disagree with the statement.

**Table 15: Appraisal Satisfaction**

Responses	Codes	Frequency	Percent
SDA	1	8	2.7
DA	2	10	3.3
N	3	36	12.0
A	4	138	46.0
SA	5	108	36.0
Total		300	100



**Figure 15: Appraisal Satisfaction**

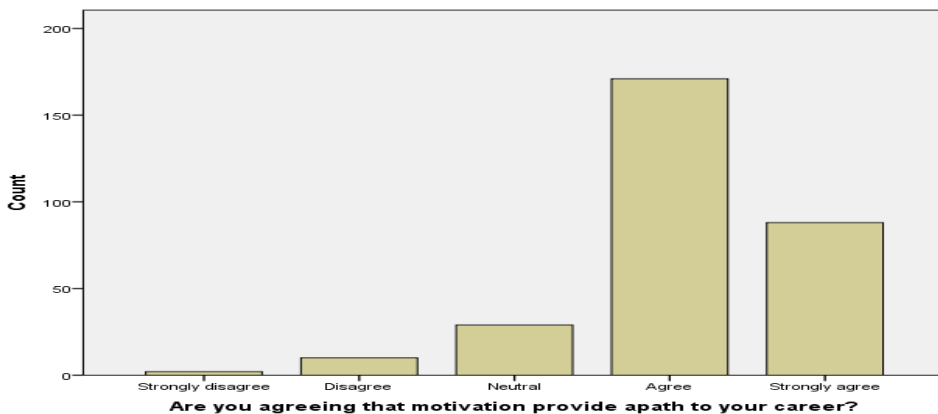


**Interpretation:** Data in table and figure 15 shows that out of 300 participants, 46% (maximum) employees were satisfied with the amount and frequency of informal praise and appreciation received. While only 2.7% were strongly disagree with the statement.

**Table 16: Career path**

Responses	Codes	Frequency	Percent
SDA	1	2	.7
DA	2	10	3.3
N	3	29	9.7
A	4	171	57.0
SA	5	88	29.3
Total		300	100

**Figure 16: Career path**

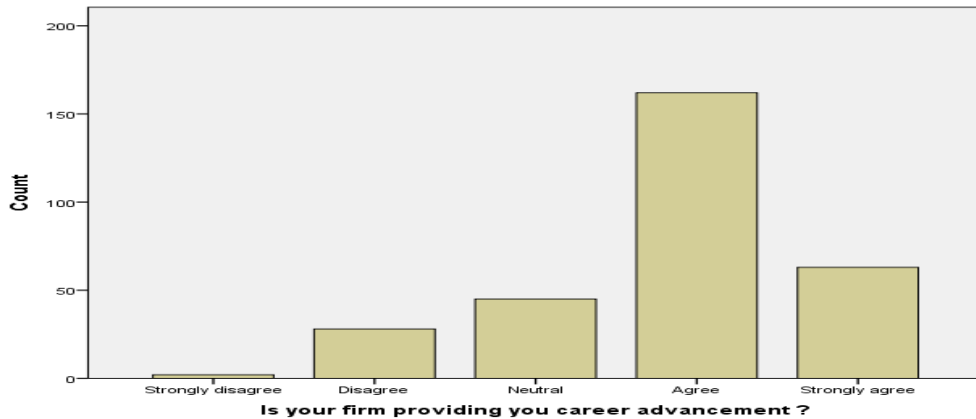


**Interpretation:** Data in table and figure 16 shows that out of **300** participants, **57%** (more than 50%) employees were agree that motivation provides a career path. While only **.7%** were strongly disagree with the statement. This means that employees are performed in a better way when they are motivated.

**Table 17: Career Advancement**

Responses	Codes	Frequency	Percent
SDA	1	2	.7
DA	2	28	9.3
N	3	45	15.0
A	4	162	54.0
SA	5	63	21.0
Total		300	100

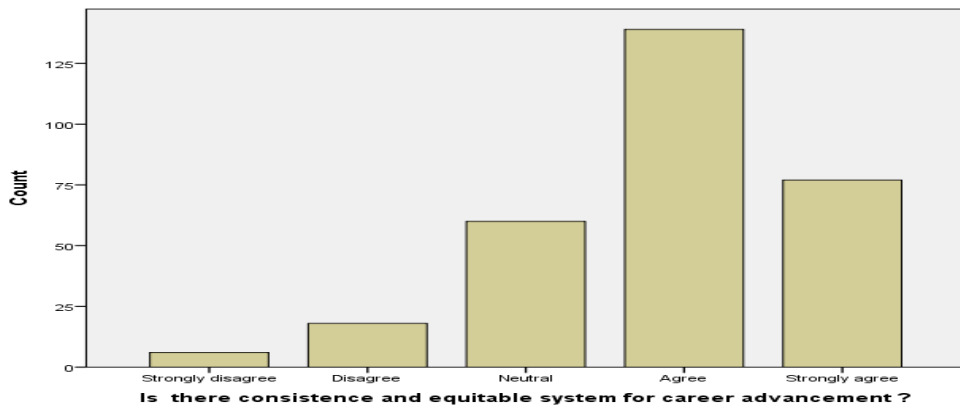
**Figure 17: Career advancement**



**Interpretation:** Data in table and figure 17 shows that out of **300** participants, **54%** (more than 50%) employees agree that companies were providing career advancement. While only **.7%** employees were strongly disagreeing with the statement.

**Table 18: Consistency and equity**

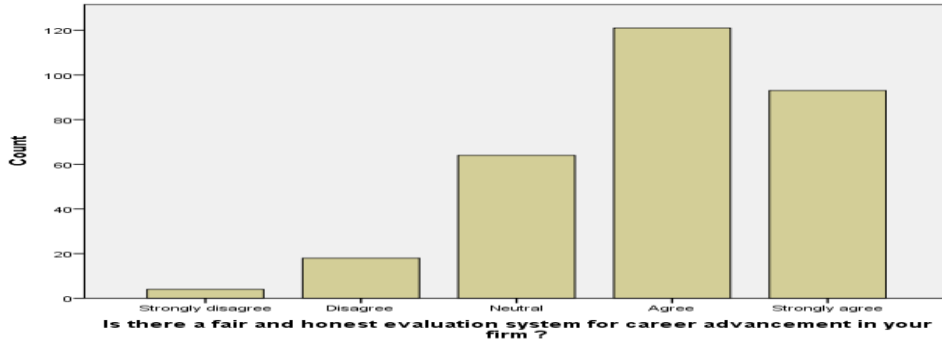
Responses	Codes	Frequency	Percent
SDA	1	6	2.0
DA	2	18	6.0
N	3	60	20.0
A	4	139	46.3
SA	5	77	25.7
Total		300	100

**Figure 18: Consistency and equity**

**Interpretation:** Data in table and figure 18 shows that out of 300 participants, 46.3% (maximum) employees were strongly agree that companies support career advancement. While only 2% were strongly disagree with the statement.

**Table 19: Evaluation System**

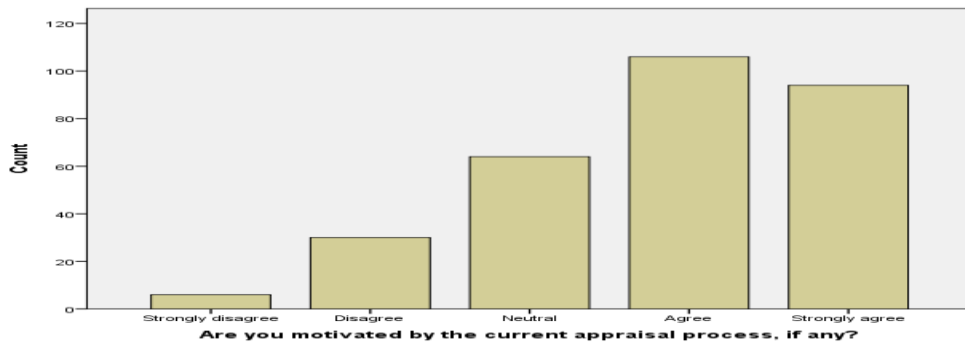
Responses	Codes	Frequency	Percent
SDA	1	4	1.3
DA	2	18	6.0
N	3	64	21.3
A	4	121	40.3
SA	5	93	31.0
Total		300	100

**Figure 19: Evaluation system**

**Interpretation:** Data in table and figure 19 shows that out of 300 participants, 40.3% (maximum) employees were agree that compensations were providing fair and honest evaluation system for career advancement. While only 1.3% were strongly disagree with the statement.

**Table 20: Current appraisal**

Responses	Codes	Frequency	Percent
SDA	1	6	2.0
DA	2	30	10.0
N	3	64	21.3
A	4	106	35.3
SA	5	94	31.3
Total		300	100

**Figure 20: Current appraisal**

**Interpretation:** Data in table and figure 20 shows that Out of 300 participants, 35.3% (maximum) were agree that current appraisal process are satisfactory while only 2% were strongly disagree with existing process.

## **5. FINDINGS AND RESULTS:**

First objective was to find out the relationship between gifts and employee's performance. It was found that there was a positive relationship between these two variables. Employees felt relaxation and had more concentration on their work with good feelings. Another objective was to check relationship between annual dinner and employee's performance. It was found that there was a positive relationship between these two variables. Employees felt proud and had more concentration on their work happily. The next objective was to ascertain relationship between cash prizes and employee's performance. It was found that there was a positive relationship between these two variables. Employees had confidence and more concentration on their jobs. The other objective was to measure relationship between annual bonus system and employee's performance. It was found that there was a positive relationship between these two variables. Employees felt relaxation and had more concentration on their assignment. It was also found that there was a positive relation between usual and unusual leaves with the performance of the employees. Employees felt mental relaxation and have more concentration on their work with eagerly. Another objective was to explore relationship between performance base bonus system and employee's performance. It was found that it is a very sensitive issue in the banking sector. Every employee has confidence on the performance and wants a handsome bonus. So there is a positive relationship between these two variables. The performance base bonus encourages employees and increases their performance. Thus, all objectives of the study have achieved successfully and the results of our study are robust and consistent with the results of previous studies.

## **7. RECOMMENDATIONS:**

During study, it was found that most of the employees are satisfied with policies of their banks but small number of employees were still unsatisfied. So it is

recommended that banking organizations should revise their policies such as Golden hand shake scheme, Gratuity scheme, Employees old age benefit scheme, Employees' pension or annuity scheme, Retirement scheme, Minimum time scale, Basic salaries and Salaries etc. It is also recommended that banking organizations should revise reward system such as Gifts, Cash prize, Dinner policy, Leaves sanctions (usual and unusual), Performance base bonus, etc.

---

### REFERENCES

- Ahmad, et al (2010) Does services quality affect students' performance: Evidence from Institute of higher learning, *African Journal of Business Management Vol 4 (12): 2527-2533*.
- Awan, Abdul Ghafoor (2015) Analysis of the impact of 2008 financial, political and health systems and societies of advanced counties, *Global Journal of Management, Social Sciences and Humanities*, Vol,1 (1):1-16
- Awan, Abdul Ghafoor; Waqas Ahmad (2014). Role of Policies in Economic Growth: A case study of China's Economic Growth, *Global Journal of Arts Humanities and Social Sciences*. Vol.2 (8):45-64.
- Awan, Abdul Ghafoor (2012). Emerging versus Aging Economies: A Comparative study of Advanced and Emerging Economies, *International Journal of Management Research and Emerging Sciences*, Vol 2 (1): 45-65.
- Awan, Abdul Ghafoor (2015) Comparative analysis of the Literature of Economic Growth in the perspective of Advanced and Emerging Economies, *Science International, Lahore*, Vol.27 (3):3579-3587.
- Awan, Abdul Ghafoor (2013). China's Economic Growth-21<sup>st</sup> Century Puzzle, *Global Disclosure of Economics and Business*, Vol 2 (2):9-29
- Awan, Abdul Ghafoor (2013). Environmental Challenges to South Asian Countries, *Asian Accounting and Auditing Advancement*, Vol 3 (1):84- 103.
- Awan, Abdul Ghafoor; Arif, Abdur Rehman. (2015). Role of Celebrity Endorsement

and Consumers' perception towards media advertisement, *New Media and Mass Communication*, Vol.40:67-75

- Dreher G. F. (1981) Predicting the salary satisfaction of exempt employees. *Personnel Psychology*, 34, 579-589.
- Ewen R. B. (1973) Pressure for production, task difficulty, and correlation between job satisfaction and job performance. *Journal of Applied Psychology*, 58, 378-380.
- Fisher C. D. (1980). On the dubious wisdom of expecting job satisfaction to correlate with performance. *Academy of Management Review*, Vol. 5, 607-612.
- Fulk J., Wendler E. R. (1982) Dimensionality of leader-subordinate interactions: A path-goal investigation. *Organizational Behavior and Human Performance*, 1982, 30, 241-264.
- Greene C. N. (1973) Causal connections among managers' merit pay, job satisfaction and performance, *Journal of Applied Psychology*, 58, 95-100.
- Herman J. B. (1973). Are situational contingencies limiting job attitude-job performance relationships? *Organizational Behavior and Human Performance*, Vol 10, 208-224.
- Ivancevich J. M., McMahon J. T. (1982) The effects of goal setting, external feedback and self-generated feedback on outcome variables. *Academy of Management Journal*, 25, 359-372.
- Kesselman G. A., Wood M. T., Hagen E. L. (1974) Relationships between performance and satisfaction under contingent and non-contingent reward systems. *Journal of Applied Psychology*, Vol. 59, 374-376.
- Linda F. Edelman Linda F. Edelman, Candida G.Brush, Tatiana S.Manolova, Patricia G.Greene (2010). Start-up Motivations and Growth Intentions of Minority Nascent Entrepreneurs, *Journal of Small Business Management*, Vol 48 (2): 174-196.

Podsakoff P. M., Todor W. D., Skov R. (1981) Effects of leader contingent and non-contingent reward and punishment behaviors on subordinate performance and satisfaction. *Academy of Management Journal, Vol.25:* 810- 821.

---

## **CONTRIBUTION OF AUTHORS AND CONFLICT OF INTEREST**

---

This research work was carried between collaboration of two authors.

**Author 1: Muhammad Zahid** is MS scholar at Department of Business Administration, Institute of Southern Punjab. He designed the study, collected and analyzed data. He also wrote first draft of the manuscript under the supervision of author 2.

**Author 2: Prof. Dr. Abdul Ghafoor Awan** has his first Ph.Ds in Economics from Islamia University of Bahawalpur-Pakistan and second in Business Administration from University of Sunderland, U.K. He contributed in this research paper by way of guiding author first about title selection, data collection and statistical technique. He edited and gave final shape to the manuscript. In order to know about his fields of research please look at his Web of Science Researcher ID  [M-9196 2015](#) or his [profile at Google scholar](#).

Both authors read the manuscript carefully and declared no conflict of interest with any person or institution

---